

b1 wherein single bits of data are embedded in each of a number of coefficients of each set and by computing the parity of such least-significant bits of a group of said coefficients.

Please amend claim 27 as follows:

Sub E1 27. (Amended) A system for embedding supplemental digital data selected from the group consisting of interactive and traditional advertising, merchandising materials, e-commerce solicitations and messages, polls, video games, interactive music and audio/video programs, and computer programs, into a pre-prepared digital media file having, in combination, encoding means for transforming the media file information into sets of frequency-domain coefficient representations of the pre-prepared media file information and for compressing the file; means for selecting predetermined coefficient sets; and further encoding means for embedding bits of said supplemental digital data at data rates from hundreds to thousands of kilobytes and higher and at selected multiple coefficients of each set to produce a supplemental media file containing such embedded data for enabling user decoding and playback on playback apparatus of both the pre-prepared media file information and said embedded supplemental data, wherein the further encoding means uses the least-significant bit of the selected coefficients, and wherein the further encoding means embeds single bits of data in each of a number of coefficients of each set and by computing the parity of such least-significant bits of a group of said coefficients.

Please amend claim 31 as follows:

31. (Amended) A process for embedding supplemental digital data selected from the group consisting of interactive and traditional advertising, merchandising materials, e-commerce solicitations and messages, polls, video games, interactive music and audio/video programs, into a compressed-digital information stream, that comprises, encoding the compressed digital data stream as a set of coefficient representations of said information; and embedding at least thousands of bits of

said supplemental digital data at data rates from hundreds to thousands of kilobytes and higher and at selected multiple coefficients of said set to produce a stream containing such embedded data for enabling user decoding to present both said information and the embedded supplemental data.

Please amend claim 32 as follows:

32. (Amended) A process for embedding supplemental digital data selected from the group consisting of interactive and traditional advertising, merchandising materials, e-commerce solicitations and messages, polls, video games, interactive music and audio/video programs, into a digital information stream, that comprises, transforming the stream into encoded sets of frequency-domain coefficient representations of said information and compressing the same; selecting predetermined coefficient sets; and embedding thousands of bits of the supplemental digital data at data rates from hundreds to thousands of kilobytes and higher and at selected multiple coefficients of each set to produce a supplemental data file containing such embedded data for enabling user decoding to present both the said information and the embedded supplemental data.--

Please amend claim 34 as follows:

34. (Amended) A process for embedding supplemental digital data selected from the group consisting of interactive and traditional advertising, merchandising materials, e-commerce solicitations and messages, polls, video games, interactive music and audio/video programs, and computer programs, into a compressed digital information stream, that comprises, encoding the compressed digital media file as a set of coefficient representations of the pre-prepared media file information; embedding portions of said supplemental digital data at data rates from hundreds to thousands of kilobytes and higher and at selected multiple coefficients of said set to produce a media file containing such embedded data for enabling user decoding and playback of both the pre-prepared media file information and the embedded supplemental data, wherein single bits of data are

embedded in each of a number of coefficients of each set and by computing the parity of the least significant bits of a group of said coefficients.

C4 Please amend claim 35 as follows:

35. (Amended) The process of claim 34 wherein said computing comprises modifying the parity of groups of a number of coefficients, embedding a bit in each set of coefficients.

Please amend claim 36 as follows:

36. (Amended) The process of claim 34 wherein watermarking digital data is also applied to the media file, but prior to the embedding of said supplemental data.

Please add the following claims:

--37. The process of claim 32 wherein a bit of said supplemental data is embedded in each of from 4 to 16 coefficients.--

--38. The process of claim 32 wherein the parity is modified in groups of eight or more coefficients.--

C5 --39. The process of claim 32 wherein the encoding is used to encode a bit in each set of coefficients until the supplemental data is completely embedded.--

--40. The process of claim 32 wherein the first byte of the supplemental data is encoded in a number of coefficients using 8 coefficients, and all succeeding bytes are encoded using the number of coefficients specified in said first byte.--

--41. The process of claim 38 where in the group of eight coefficients, every seventh coefficient is selected in the supplemental data such that seven bits are encoded in a set of 56 coefficients.--

--42. The process of claim 41 wherein each group of coefficients contains coefficients that represent a wide range of frequencies.--

#### REMARKS

The current preliminary amendment is believed to comply with 37 CFR 1.121(c) as required.